

## The complaint

Mr S complains that Barclays Bank UK PLC trading as Tesco Bank has treated him unfairly regarding a transaction he made on his credit card.

## What happened

In August 2025, Mr S paid Company A £65.11 for car hire whilst abroad. This price included “excess reimbursement insurance” which would provide reimbursement in the event Mr S was charged following collision, damage or theft of the hire vehicle. Company A arranged the car hire services with Company B.

Mr S states that when he reached his holiday destination and went to collect the vehicle, he was told it would not be released unless he paid for “smart cover”. He says he tried to explain a few times that he already had the excess reimbursement insurance through Company A, however Company B insisted he had to take out this further insurance. Mr S therefore paid £106.80 to Company B using his Tesco Bank credit card for this additional insurance.

On his return home, Mr S attempted to contact Company B to dispute this charge but he wasn’t successful. He therefore raised a dispute with Tesco Bank. Mr S said he was unhappy that he had been forced into taking out further insurance and agreed to pay the amount under duress.

Tesco Bank said it could not raise a chargeback dispute on Mr S’s behalf because for transactions of this nature, a dispute can only be raised if the merchant billed the account without consent. As Mr S consented to making the payment, Tesco Bank felt it did not have the grounds to raise a dispute.

Tesco Bank then considered whether a claim could be raised under Section 75 of the Consumer Credit Act 1974 (Section 75). It said the amount paid to Company A was less than £100 so did not meet the threshold for raising a claim of this nature. Regarding Company B, Tesco Bank said it could not establish that a misrepresentation or breach of contract had occurred. Mr S complained about this outcome however Tesco Bank found that it had reviewed Mr S’s claims fairly.

Mr S brought his complaint to our service. Our investigator felt that Tesco Bank had handled the claim fairly. She said that she couldn’t identify a chargeback reason code which could have been applied for the circumstances Mr S described and as such, any dispute would have had little prospect of success. Regarding the Section 75 claim, our investigator found that the two types of insurance Mr S had showed some similarities, but the one offered by Company B was more comprehensive and offered additional benefits. Mr S received those benefits and so she couldn’t see that a breach of contract or misrepresentation had occurred.

Mr S asked for an ombudsman to consider his complaint. He said that he was not given a choice when it came to taking out the insurance with Company B and as it was falsely presented as compulsory, it was misrepresented to him. So, the complaint has now been

passed to me to decide.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I would like to start by saying that I have provided a brief summary of the events that occurred. I intend no discourtesy by this and can assure both parties that I have taken all the information provided into consideration when reaching a decision on this complaint.

In this decision, I'll concentrate my comments on what I think is relevant. If I don't comment on a specific point, it's not because I've failed to consider it, but because I don't think I need to comment in order to reach a fair and reasonable outcome. Our rules allow me to do this, and this reflects the nature of our service as a free and informal alternative to the courts.

### Chargeback

Chargeback is a voluntary scheme under which settlement disputes are resolved between card issuers and merchants, under the relevant card scheme. A card issuer will review the claim against the possible reasons for a chargeback and look at whether it would be able to make a successful claim for the customer. Card issuers do not have to submit claims and usually will only do so, if it is likely to be successful. We don't expect them to raise a claim if there is little prospect of success.

In this particular case, having reviewed the card scheme rules, I find that some reason codes do not apply, and there is not sufficient evidence available to substantiate raising a dispute under others. The information available shows Mr S signed a separate contract with Company B and agreed to purchase the insurance and in these circumstances, there is very little prospect that if submitted, a dispute would likely have been successful. So, I find that Tesco Bank was not unreasonable in declining to raise a chargeback dispute on Mr S's behalf.

### Section 75

Section 75 allows – in certain circumstances - for a creditor (Tesco Bank) to be jointly and severally liable for any claim by the debtor (Mr S) of breach of contract or misrepresentation made by a supplier of goods and/or services.

Tesco Bank looked at whether it could make a claim against Company A and Company B. I find it is clear that Mr S is only disputing Company B's actions and so I will not be commenting on Company A in this Section. For Company B, I'm satisfied that the relevant criteria for making a claim under this legislation has been met.

Mr S states that in telling him the smart cover insurance policy was compulsory, and in insisting it would need to be purchased before the vehicle would be released to him, the purchase was misrepresented.

I would like to start by saying that I have a lot of empathy for the situation Mr S found himself in. He had young children with him, they had just come off a flight and from what he has said, he clearly felt pressured into making the purchase so that the vehicle would be released. This was a difficult set of circumstances to be in.

For misrepresentation to be established, we would need to be able to see that Company B made a statement of fact to Mr S that wasn't true and induced him to enter into the contract.

What Mr S is saying does sound like it could have the potential to be a misrepresentation but unfortunately, in the circumstances, there is nothing to corroborate his version of events aside from his testimony on what happened.

The documentation from Company A clearly states that a customer does not have to agree to additional insurance policies offered by the car rental company. Mr S was in receipt of that information by the time the event with Company B occurred and still went ahead with the purchase. I can appreciate why Mr S may not be able to demonstrate what happened at that time, but in the circumstances, I do not find I have enough information or evidence to agree that a misrepresentation can be established and reasonably hold Tesco Bank liable for that under Section 75.

For completeness, I have also considered whether there has been a breach of contract. As far as I can see, Mr S purchased an insurance policy from Company B and this policy would have been available to him had he needed to make use of it. There were some benefits it offered which were implemented and as such, there is no evidence to suggest a breach of contract has occurred. I therefore find that Tesco Bank did not handle the claim unreasonably when it said it could not establish that a misrepresentation or breach of contract had occurred.

I appreciate this outcome may be disappointing for Mr S however, for the reasons outlined above, I do not find that Tesco Bank has treated him unfairly when reviewing his claim.

### **My final decision**

My final decision is that I do not uphold Mr S's complaint against Barclays Bank UK PLC trading as Tesco Bank.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 22 May 2026.

Vanisha Patel  
**Ombudsman**